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20 FEB 1956

MEMORANDUM FOR: Director of Central Intelligence

THROUGH: Deputy Director/Intelligence

SUBJECT: Discussion of Intensified Prospecting Activity in Soviet Central Asia and Siberia

1. The following is offered as a commentary on a New York Times article, issue of 20 February 1956, headlined "Reds Seek Ores in Asia."

2. While the Urals region is currently the center of mineral production in the USSR, the resources of Central Asia, and Kazakhstan in particular, are sure to become of increasing importance. In the output of some metals -- copper, lead, and zinc -- Kazakhstan has already become the nation's leading producer, while the Kirghiz SSR to the southeast produces most of the USSR's mercury and all of its antimony. But it is the hope of expanding the reserves of both ferrous and nonferrous metals that has prompted the intensified prospecting activity in Central Asia.

a. During the course of the Sixth Five-Year Plan, a new iron and steel complex is to be constructed in Kazakhstan. The new complex will require large quantities of iron ore, coking coal, and alloying raw materials. Kazakhstan has ample supplies of iron ore and coal, and possesses the country's largest reserves of chromium, vanadium, tungsten, and molybdenum, plus sizable deposits of ores containing nickel and cobalt. The Sixth Five-Year Plan also calls for the construction of a large ferroalloy plant and an integrated aluminum combine at Pavlodar in Kazakhstan, a site where adequate raw materials and electric power are available. By 1960, Kazakhstan is scheduled to produce over half of the nation's copper -- an expansion over 1955 of 1.9 times. Lead and zinc output is to increase 1.4 times and 2.5 times, respectively, in the same period. The Soviets have announced that they will invest more capital in Kazakh industry in the Sixth Five-Year Plan than in the previous Five-Year Plans put together.

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b. Another indication of Soviet plans for the development of a large metallurgical base in Central Asia occurred in January 1956 with the establishment of a Kazakh Republican Ministry for the Construction of Metallurgical and Chemical Industry Plants and of a Republican Ministry of Geology and Conservation of Natural Resources. These ministries are to join in exploiting Kazakhstan's mineral wealth which, along with the development of associated industries, is to result in factories for the production of trucks, tractors, diesel locomotives, and mining and metallurgical machinery -- none of which have been manufactured previously in the region.

3. The Sixth Five-Year Plan also calls for expansion of heavy industry in Siberia, particularly in the Irkutsk and Trans-Baikal areas. The nation's largest aluminum plant is to be constructed at Irkutsk, using power from what are to be the two largest hydroelectrical stations in the USSR. Another large iron and steel complex is to be constructed, probably in the Trans-Baikal area, which is scheduled to become the third large metallurgical center in the USSR, the other two being in the Urals and in the Ukraine. Expansion of iron and steel output in Siberia is based on large deposits of both iron ore and coal, but additional quantities of alloying materials will have to be discovered.

4. Expansion of heavy industry in Central Asia and Siberia under the Sixth Five-Year Plan, particularly ferrous and nonferrous metallurgy, is a logical development. With the continued overall growth of Soviet industry, and as the more accessible deposits of coal, iron ore, and ferrous and nonferrous metals in the European USSR are depleted, increased exploration for new deposits in the relatively unexplored regions of Central Asia and Siberia is to be expected.* Subsequent Five-Year Plans are expected to provide for even more industrial development and further intensive prospecting in these regions.

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* The hydroelectric power potential of Central Siberia, the greatest of any area in the USSR, exerts an additional strong locational pull.

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Acting Assistant Director
Research and Reports

M/RF/RR: [redacted] fs/2031 (28 Feb 56)
Retyped: OAD/RR: [redacted] amm (28 Feb 56)

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